

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6698

BILL NUMBER: HB 1194

NOTE PREPARED: Dec 20, 2010

BILL AMENDED:

SUBJECT: Restaurant Permits in Economic Development Areas.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill allows the Alcohol and Tobacco Commission (ATC) to issue a retailer's permit to the proprietor of a restaurant located in an economic development area, a redevelopment project area, an urban renewal area, or a redevelopment area within a city or town, if the area meets certain investment and assessed value requirements. It provides that the permits are not subject to the quota provisions.

The bill requires an applicant for a permit in such an area to: (1) expend at least \$75,000 over five years for renovation or rehabilitation of a restaurant building; or (2) commit to a capital investment in a restaurant building of at least \$75,000 that is expended before the permit is issued.

It provides that an applicant is not eligible for a permit in the redevelopment area issued outside the quota unless the applicant demonstrates that the applicant attempted to obtain a permit subject to the quota restrictions and a permit was not readily available. It also prohibits the permit from being transferred to another location.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *ATC:* This bill could increase administrative expenditures for the ATC by requiring the ATC to amend rules governing issuance of retailer permits and to monitor compliance with rules. It is anticipated that the provisions of this bill could be implemented through the use of existing staff and resources.

Explanation of State Revenues: *Permit Fees:* This bill allows the ATC to issue a retailer's permit, without being governed by the quota provisions, to the proprietor of a restaurant located in an economic development

area, a redevelopment project area, an urban renewal area, or a redevelopment area within a city or town, if the area meets certain investment and assessed value requirements. This bill could increase permit fee revenues deposited in the state General Fund and the Enforcement and Administration Fund. The amount of the increase is indeterminable and will depend on the number of such permits that are issued .

The initial fee for the permit is \$50,000 and is to be renewed annually at a fee of \$1,000. These fees are deposited in the Excise Fund, and then redistributed 37% to the state General Fund, 33% to the general funds of cities, towns, and counties based on population, and 30% to the Enforcement and Administration Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Diana Agidi, 317-232-9867.